

The Energy And Technology Committee

February 21, 2006

**Senate Bill 210: AA ESTABLISHING A CODE OF CONDUCT
BETWEEN NATURAL GAS DISTRIBUTION COMPANIES AND
THEIR AFFILIATES**

Testimony of

The Office of Consumer Counsel

Mary J. Healey, Consumer Counsel

The Office of Consumer Counsel (OCC) supports in principle the concept of establishing a code of conduct governing transactions between natural gas distribution companies and their affiliates. OCC recognizes that affiliate transactions between regulated entities and affiliates can present risks to the ratepayers in such areas as cross-subsidization of affiliate operations, but is not aware of existing cross-subsidization. Nevertheless, developing regulatory standards that would limit such risks would be wise.

OCC also notes that transactions between natural gas distribution companies and affiliates can at times create efficiencies that are beneficial to ratepayers, so a code of conduct needs to establish appropriate standards for such transactions but should avoid absolute restrictions. OCC has been working productively with the natural gas distribution companies to ensure that affiliate transactions are mutually beneficial for ratepayers and the companies.